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93-253

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CHAIRMAN'S CONGRESSIONAL REPLY COVER SHEET

FCC Control #: 9304774

Due Date: / /

Senate/House: []

Subcommittee Member: []

Incoming: Honorable Patsy T. Mink

Subject: Spectrum Auctions: rural telephone company participation.
The inquiry supports rural telcos and suggests methods to
enable them to obtain PCS licenses

Background: Second Report and Order, adopted March 8, 1994, established
rules and procedures for rural telco participation in the
Commission's spectrum auctions.

Outgoing:

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OFFICE OF SECRETARY

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May 26, 1992

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

IN REPLY REFER TO:

June 2, 1994

The Honorable Patsy T. Mink
U.S. House of Representatives
2135 Rayburn House Office Building
Washington, D.C. 20510

Dear Congresswoman Mink:

Thank you for your letter concerning the ability of rural telephone companies to serve rural communities with personal communications services (PCS) under the provisions of the Omnibus Budget Reconciliation Act of 1993. OBRA committed to the Commission authority to allocate the broadcast spectrum relating to PCS through the competitive bidding process. You asked the Commission to consider carefully any proposal that supports the efforts of rural telephone companies, and to consider exempting rural telephone companies from requirements of submitting large bid deposits and forfeiting bid deposits for incorrect PCS applications.

On March 8, 1994, the Commission adopted a Second Report and Order in PP Docket No. 93-253 (Auction Order) establishing generic auction rules. There we established a general menu of potential tools designed to assist rural telephone companies, as well as other entities designated by Congress, to participate in the process. We chose not to create a general exception to an upfront payment requirement for entities such as rural telephone companies. The upfront payment deters frivolous or insincere bidding and we thought it important to preserve this purpose. As a general rule, we will determine the amount of the upfront payment for particular licenses through the use of a formula that takes into account both the amount of spectrum and the population on which the bidder wishes to bid. For rural communities, both factors may be relatively low, resulting in an upfront payment that should not be prohibitive for rural telephone companies. We established a minimum upfront payment of \$2,500, and retained the flexibility to modify this requirement on an auction-by-auction basis.

In the Auction Order, we did not adopt any provisions that would require the forfeiture of upfront payments because of minor errors in PCS applications. Rather than use a "letter perfect" standard for PCS applications, we will require a short form application that must be substantially complete. Qualifying applicants will be given the opportunity to correct any minor errors or defects in their applications prior to the auction.

The Honorable Patsy T. Mink

June 2, 1994

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In addition, on the general menu of potential tools adopted by the Commission in its March 8th order are several items that support the efforts of rural telephone companies. For example, the Commission specifically included on its menu bidding credits that would allow a winning rural telephone company to pay only a certain percentage of its actual bid. We think that the measures adopted in the generic rules, from which the Commission will choose on a service-by-service basis, will ensure that rural telephone companies have an opportunity to provide personal communications services to rural customers. We intend to continue to consider the effects of our policies on rural telecommunications service as we issue further orders in PP Docket No. 93-253.

We appreciate very much receiving your views on these issues. Please be assured that they will continue to be considered as the Commission takes further action in these matters.

Sincerely,



Judith L. Harris

Director

Office of Legislative Affairs

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Congress of the United States
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November 21, 1993

Opp
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The Honorable James H. Quello
Chair
Federal Communications Comm.
1919 M Street, N.W., Rm. 802
Washington, DC 20554

Dear Chair Quello:

It is my understanding that the Federal Communications Commission is accepting comment relating to the personal communications services ("PCS") of the newly enacted competitive bidding procedures for radio spectrum.

I am writing to respectfully urge your consideration of proposals that address the unique needs of rural telephone companies and rural communities. Specifically, I request that the FCC consider exempting rural telephone companies from any requirement of the submission of large bid deposits and the forfeiture of bids for incorrect PCS applications.

Please carefully consider any proposal that supports the efforts of rural telephone companies to provide quality service to rural communities across America.

Thank you for your consideration of this matter.

Very truly yours,

Patsy T. Mink

PATSY T. MINK
Member of Congress